

TO: Department of Water Resources
FROM: State Water Contractors¹
DATE: February 12, 2014
SUBJECT: 51(e) Reporting Requirements for Extension of the State Water Project² Water Supply Contracts

This document contains additional proposed Statement of Principles that could provide the foundation for an agreement among the State Water Project Contractors³ (Contractors) and the Department of Water Resources (DWR) that will extend the contracts.

IX. OBJECTIVE 2H: 51(e) REVENUE REPORTING REQUIREMENTS

¹ The SWC organization is a nonprofit mutual benefit corporation that represents and protects the common interests of its 27 member public agencies in the vital water supplies provided by California's State Water Project ("SWP"). Each of the SWC member agencies holds a contract with the California Department of Water Resources ("DWR") to receive water supplies from the SWP. Collectively, the SWC members deliver water to more than 25 million residents throughout the state and more than 750,000 acres of agricultural lands. SWP water is served from the San Francisco Bay Area, to the San Joaquin Valley and the Central Coast, to Southern California. The SWC's members are: Alameda County Flood Control and Water Conservation District Zone 7; Alameda County Water District; Antelope Valley-East Kern Water Agency; Casitas Municipal Water District; Castaic Lake Water Agency; Central Coastal Water Authority; City of Yuba City; Coachella Valley Water District; County of Kings; Crestline-Lake Arrowhead Water Agency; Desert Water Agency; Dudley Ridge Water District; Empire-West Side Irrigation District; Kern County Water Agency; Littlerock Creek Irrigation District; Metropolitan Water District of Southern California; Mojave Water Agency; Napa County Flood Control and Water Conservation District; Oak Flat Water District; Palmdale Water District; San Bernardino Valley Municipal Water District; San Gabriel Valley Municipal Water District; San Geronimo Pass Water Agency; San Luis Obispo County Flood Control & Water Conservation District; Santa Clara Valley Water District; Solano County Water Agency; and Tulare Lake Basin Water Storage District.

² The State Water Project is the name commonly used to refer to the State Water Resources Development System (Water Code Section 12931)

³ The State Water Project Contractors includes the SWC organization's 27 member public agencies, Butte County Water and Resource Conservation, and Plumas County Flood Control and Water Conservation District.

A. 51(e) REVENUE REPORT

- 1. Create and distribute the Annual Rate Reduction Determination Report. In addition, display the distribution of Gross Annual Revenues before Recreation, Fish and Wildlife Expenditures, Facilities Capital Account and Rate Management Credits and Net Annual Revenues after Rate Management Credits to the accounts listed in item 2 below. The definition and calculation of 51(e) Revenues will be included in the contract amendment language.**
- 2. Create and distribute quarterly an Activity Report by fund-account for all uses, including but not limited to the following accounts:**
 - a) General Operating Account (GOA)*
 - b) SWRDS Support Account (SSA)*
 - c) SWRDS Reinvestment Account (SRA)*
 - d) Systems Revenue Account, 51(e) Sub-Account*
 - e) Davis-Dolwig Fund*
 - f) Facilities Capital Account*
 - g) Suspended Costs*
- 3. Report shall display the annual and accumulated 51(e) revenue and expenditure activity, including the beginning balance, the annual activity and the ending balance for the year.**
- 4. Reporting data shall be auditable which includes an audit trail from the costing ledgers to the general ledger or the bulletin 132 estimates to the 51(e) Revenue Activity Report.**
- 5. Report should have sufficient detail to provide comprehensive accounting of annual 51(e) revenues and the uses the of annual 51(e) revenues to enable the SWRDS Finance Committee to assess the utilization of these revenues.**